



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

March 3, 2009

Marlene Whiteside, Executive Director/Administrator
San Diego Hospitality Institute
720 Gateway Center Way Ste. H
San Diego, CA 92102

Dear Ms. Whiteside:

RE: FINAL MONITORING VISIT REPORT FOR SAN DIEGO HOSPITALITY INSTITUTE (SDHI) - ET07-0293

As reported in previous monitoring reports dating back to 01/11/08, SDHI has received \$40,212 in Progress Payments, of which, \$35,744 is currently considered unearned progress payments. Progress Payments are considered unearned by ETP until such time as Final Payment is earned for trainees who have met the Terms and Conditions of SDHI's Agreement. As of the date of this report, final Payment has only been issued for one trainee in the amount of \$4,468.

The findings in this report continue to indicate that SDHI is in an overpayment status. Therefore, the existing Suspend Payment will remain in effect for all future until SDHI provides evidence that it is in compliance with all the Terms and Conditions of the Agreement and has earned Final payments equal to or greater than SDHI's unearned progress payment balance. Please be advised that per item 6, page 5 of 6 in your Agreement, all unearned monies shall be returned to ETP with statutory interest computed from the first day of the month following the date the funds are received.

Date of the Visit:	12/09/08
Beginning/Ending Time:	11:15 a.m. 1:15 p.m.
Date of Last Visit:	06/30/08
Visit Location:	San Diego, California
Persons in attendance:	Marlene Whiteside, Executive Director/Administrator (for a portion of the meeting), SDHI; Noemi Lopez, Administrative Assistant, SDHI, and Carole Robinson, ETP Contract Analyst
Action Required:	<u>YES</u>

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SACRAMENTO, CA 95814
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1065 East Hillsdale Blvd, Suite 415
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(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
ETP (04/15/05)

CONTRACT INFORMATION:

Term of Agreement:	3/6/07 – 3/5/09	Agreement Amount:	\$268,080
Training Start Date:	03/14/07	No. to Retain:	48
Date Training must be Completed:	12/04/08 (90-Day Ret) 09/04/08 (180-Day Ret)	Job 1 =	12
Type of Trainee:	Job 1 = New Hire Job 2 = W2W	Job 2 =	
		Training Hours:	280

*SUMMARY OF ACTION
REQUIRED FROM THIS VISIT:*

Project Administration/ Performance/Invoicing:

Action Items:

- **Project Administration
Documentation of Placement & Retention Requirements**

Item 10, page 6 of 8 of the Agreement states that SDHI will provide training support activities, which include job development, job search assistance and placement in specific ETP eligible jobs. Costs for these activities are covered by support costs reimbursed by ETP. In addition, Exhibit A, item VII Trainee Retention Requirements of the Agreement specifies the retention requirements must be met for each trainee to qualify for earned reimbursement. Lastly, Ms. Robinson reminded those present that, item 5.a on page 4 of 8 of the Agreement states that SDHI shall submit all information and data required for implementation and performance of the training project in the form and manner prescribed by the Panel throughout the term of the Agreement.

SDHI is required to provide necessary evidence of employment to ensure that all terms and conditions of the Agreement are met including employment hours, retention, and wage information for trainees already placed and any future placements and to retain this information for each trainee file. During the last five visits on 07/23/07, 09/14/07, 12/21/07, 3/29/08, and 06/30/08, you agreed to document placement activity to ensure SDHI was providing the required placement activities, including placement of new hire trainees into eligible fulltime employment that met all retention requirements specified in the Agreement. Specifically, you agreed to make sure the forms used to document placement information and activities are completed accurately including employer's name, address, phone number, and trainee supervisor information including title and signature. You also agreed to verify information provided by the trainees when placed with each employer to ensure that all terms and conditions of the Agreement are met including employment hours, retention, and wage information.

Subsequent to the last Monitoring Visit, SDHI documented some trainee files with sporadic attempts to contact either the trainee or the employer identified by the trainees for those

reporting placement to SDHI. In addition, some files also documented efforts by SDHI to assist trainees with placement into fulltime employment in the hospitality industry. Ms. Robinson also reviewed SDHI files with Ms. Lopez to determine trainee status for the 24 trainees that remain enrolled and active in this ETP funded project (15 in Job 1 and 9 in Job 2). Ms. Robinson was informed that four remain in training as of the date of this visit (3 in Job 1 and 1 in Job 2).

Ms. Robinson reminded you that all training for this agreement had to have been completed by 12/05/08. She reviewed the Agreement's retention requirements with you that state all trainees had to be placed into fulltime employment no later than 12/06/08 to allow for retention to be completed within the term of the Agreement (03/05/09).

As both Ms. Robinson and I had previously explained to you, during this meeting. Ms. Robinson again informed you that the ETP agreement cannot be extended beyond the two year term already approved and informed you that if SDHI is seeking retention outside the term of the Agreement, a formal request must be made through the San Diego Field Office. The request had to include the names of trainee placed prior to the term date of the Agreement in addition to employment placement verification which includes hire date, employers name, wages, and expected retention date. Prior to submission of this request, at least the minimum number of training hours must be completed and entered into ETP's On-line Tracking System.

In an e-mail dated 01/26/09, and as a response to a telephone contact by Mr. Charles Brotcher, SDHI, I confirmed the information regarding the supporting documentation that would be needed in SDHI's request. To date, SDHI has not submitted a request and supporting documentation for SDHI to complete training, placement, and/or retention outside of the term of the agreement. Therefore, any trainees who did not complete training and the 90-day retention period by 03/05/09 will not meet the terms and conditions of the Agreement for potential ETP reimbursement.

- **Performance**

* According to SDHI files, the following chart shows the status for all trainees enrolled in this ETP funded project as of the date of this visit.

Job Number	# Enrolled in Training	# Dropped (following enrollment)	# In Training	# Placed per SDHI – Denied Payment or Unable to verify wages/hours	# ETP Approved Placed	# SDHI Cannot Locate or Contact	# Not Placed or Working in an Occupation Outside of the Hospitality Industry
1	36	21	3	3	0	3	6
2	43	34	1	5	1	2	1
Totals:	79	55	4	8	1	5	7

* SDHI records reviewed with Ms. Lopez during this visit indicate the status of 24 active and one placed trainee (25 total trainees) is as follows.

- As indicated under “Project Administration” in this report, four of the 24 active trainees remained in training as of the date of this visit.
- SDHI records show eight trainees were placed in the hospitality industry in 2007.
 - One trainee was placed and approved by ETP for an earned reimbursement of \$4,468.
 - Five SDHI placements were denied Final payment as a result of a Special Review conducted by ETP’s Fiscal unit. In a letter dated 02/15/08, ETP stated these trainees either did not meet retention or ETP minimum wage requirements. Although SDHI maintains that these trainees are eligible, ETP Fiscal has not received the placement and wage information requested in this letter to confirm their eligibility.
 - SDHI has not submitted an invoice for a Final Payment for the remaining three trainees that SDHI records indicate is placed into fulltime employment.
- Seven trainees were not placed as of 12/06/08.
 - Three were placed into either part-time or fulltime employment that was not related to the hospitality industry.
 - Four were still seeking employment.
- SDHI records indicate five trainees cannot be located and/or no contact could be established with them either via telephone or by U.S. mail for job placement activities. SDHI may submit an invoice for these trainees under the Special Review Process if all of the required Class/lab training hours were completed by each trainee prior to 12/05/09. ETP Fiscal will check to determine if any of these trainees meet the terms and conditions of SDHI’s Agreement. These include completion of the 90-day retention, fulltime employment in the hospitality industry, and wage requirements by California County as stipulated in SDHI’s Agreement.

During previous visits on 09/14/07, 12/21/07, 3/29/08, and again on 06/30/08, you were advised that trainees who do not complete training or cannot be placed into fulltime employment in the State of California must be dropped in a timely basis to determine the accurate number of trainees eligible for reimbursement. SDHI must also drop any trainees that gained employment outside of the hospitality industry. Based upon the information SDHI provided during this visit in the above Chart ETP, ETP projects the performance for this Agreement as one placement (2%) and earnings of \$ 4, 468 (2%).

- **Invoicing**

Suspend Payment:

A Suspend Payment will remain for all future Invoices until such time as the above Action Items have been resolved by SDHI. Any Invoices submitted by SDHI for unearned Progress Payments or Final Payments will be processed for credit only until the following action is completed:

- **Submit to ETP Fiscal evidence that the five trainees denied Final Payment on Invoice #10 meet all ETP eligibility requirements set forth in the Terms and Condition of the Agreement.**
- **Submit accurate invoices approved and processed for Final Payment credit that total in excess of the \$35,744 already paid in unearned Progress Payments. These payments will remain as unearned until SDHI complies with the above all Action Items and performs within the Terms and Conditions of the ETP Agreement.**

Ms. Robinson informed you that must submit a closeout invoice for any trainees that may meet the terms and conditions of the Agreement no later than 04/04/09. After 04/04/09, any unearned Progress Payments will be considered an overpayment. ETP Fiscal will send a demand letter to SDHI for return of all unearned funds plus prevailing interest.

FINAL REPORT SUMMARY:

- **HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 03/22/07 and training began on 03/14/07.

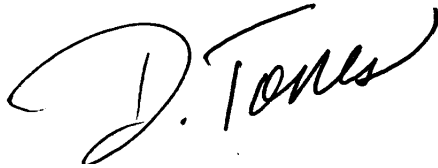
There were no Modification or Amendment requests initiated by SDHI during the term of this Agreement.

- **INTERVIEW WITH COMPANY REPRESENTATIVE**

You stated that you remain confident and positive that SDHI will earn all outstanding unearned progress Payments issued by ETP for this Agreement (\$35,744). In response to Ms. Robinson's question regarding SDHI's apparent difficulty with administration activities, you stated that, previous to Ms. Lopez, SDHI did not hire the right employees to adequate administrative support to meet ETP's requirements. You then declined to comment further on SDHI's performance for this project.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at (619) 686-4971 or Crobenson@ETP.CA.Gov, within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Torres". The signature is fluid and cursive, with a large initial "D" and a stylized "Torres".

Diana Torres, Manager
San Diego Field Office

A handwritten signature in black ink, appearing to read "Carole Robinson". The signature is cursive and elegant, with a large initial "C" and a stylized "Robinson".

Carole Robinson, Contract Analyst
San Diego Field Office

cc: Dave Guzman, Chief of Program Operations. ETP
Kulbir Mayall, Manager, ETP Fiscal
Master File
SD Project File

Date report mailed (Certified) and e-mailed to Contractor: 03/03/09